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# Australia

# Canned Deciduous Fruit

# Annual

# 2001

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**Report Highlights:**
**Post forecasts cannery intake of peaches in CY 2002 at 55,000 MT, an increase of around two percent. Post forecasts canned peach production for CY 2002 at 45,650 MT. Exports of canned peaches for CY 2001 are forecast to increase by around 12 percent. Post forecasts cannery intake for pears in CY 2002 to rise slightly to 54,000 MT. Post forecasts canned pear production for CY 2002 to rise slightly to 44,820 MT. Canned pear exports are forecast to decrease by around 23 percent during CY 2001 when compared to the previous year.**

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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## Executive Summary

Post puts CY 2001 cannery intake for peaches at 54,000 MT, representing an increase of eight percent on the previous year. Estimates from industry sources range from 51,000 MT to 54,500 MT, with Post at the upper end of the estimates.

Post forecasts cannery intake for peaches for CY 2002 at 55,000 MT, an increase of around two percent. Although growers are currently experiencing drier than average conditions, the crop has not suffered enough stress to reduce yield potential. Post thus expects an average level of production with industry sources expecting slightly higher cannery intakes.

Post forecasts canned peach production for CY 2002 at 45,650 MT using an average factory yield.

Exports of canned peaches for CY 2001 are forecast to increase by around 12 percent when compared to the level achieved during the previous year. This forecast is in line with official ABS data for the calendar year to date (Jan-Jul). While this increase is significant, exports remain well below levels achieved during the 1980's when average annual exports of over 20,000 MT were achieved. In recent years exports have remained low due to continued tough competition from subsidized EU exports on world markets. Exports to the US are forecast to increase dramatically from the extremely low levels of the previous year, driven by a favorable exchange rate.

Post estimates cannery intake for pears in CY 2001 at 53,500 MT, slightly lower than the previous year. Estimates provided by industry sources range from 53,300 MT to 54,000 MT.

Post forecasts cannery intake for pears in CY 2002 to rise slightly to 54,000 MT. This figure is at the lower end of industry forecasts. Dry conditions at flowering and a lack of subsoil moisture have not significantly affected yield potential at this stage but according to grower sources may have restricted fruit size to average levels. Irrigation allocations have previously been low in some valleys but were recently revised upwards to average levels. Post does not expect a significant increase in production for CY 2002.

Post forecasts canned pear production for CY 2002 to also rise slightly to 44,820 MT. Post assumes normal weather conditions and an average harvest. Post forecasts average fruit quality and has used an average in factory yield conversion factor of 83 percent.

Canned pear exports are forecast to decrease by around 23 percent during CY 2001 when compared to the previous year. This forecast is in line with official ABS statistics for the calendar year to date (Jan-Jul). Exports to the US are forecast to increase dramatically, driven by a favorable exchange rate. Industry sources report increased competition globally during CY 2000.

# Canned Peaches

| PSD Table | | | | | | |
|---|---|---|---|---|---|---|
| Country | Australia | | | | | |
| Commodity | Canned Peaches | | | | (MT)(MT, Net Weight) | |
| | Revised | 1999 | Preliminary | 2000 | Forecast | 2001 |
| | Old | New | Old | New | Old | New |
| Market Year Begin | | 01/2000 | | 01/2001 | | 01/2002 |
| Deliv. To Processors | 49958 | 49958 | 50000 | 54000 | 50000 | 55000 |
| Beginning Stocks | 8478 | 8478 | 5998 | 9300 | 5298 | 9600 |
| Production | 37040 | 41465 | 40000 | 44820 | 0 | 45650 |
| Imports | 270 | 282 | 300 | 445 | 0 | 500 |
| TOTAL SUPPLY | 45788 | 50225 | 46298 | 54565 | 5298 | 55750 |
| Exports | 9790 | 8399 | 10000 | 9436 | 0 | 10568 |
| Domestic Consumption | 30000 | 32526 | 31000 | 35529 | 0 | 35582 |
| Ending Stocks | 5998 | 9300 | 5298 | 9600 | 5298 | 9600 |
| TOTAL DISTRIBUTION | 45788 | 50225 | 46298 | 54565 | 5298 | 55750 |

## Production

### General

Post puts CY 2001 cannery intake for peaches at 54,000 MT, representing an increase of eight percent on the previous year. Estimates from industry sources range from 51,000 MT to 54,500 MT, with post at the upper end of the estimates.

According to grower sources, climatic conditions early in the growing season of the CY 2001 crop, although generally cooler and more overcast than normal, did not significantly stress the crop during flowering. Furthermore the crop did not suffer from any significantly detrimental climatic conditions during the remainder of the growing season. Both yields and fruit quality were average.

Industry sources also report average factory yields. Post considers factory yields to range between 80 and 85 percent and has used a conversion factor of 83 percent.

Post forecasts cannery intake for peaches for CY 2002 at 55,000 MT, an increase of around two percent. Although growers are currently experiencing drier than average conditions, the crop has not suffered enough stress to reduce yield potential. Post thus expects an average level of production with industry sources expecting slightly higher cannery intakes.

Post forecasts canned peach production for CY 2002 at 45,650 MT assuming an average factory yield.

Industry sources report a significant increase in planted fruit tree numbers. However it is not clear as to what proportion of new plantings are canning varieties. Post projects a steady increase in total canning variety tree numbers.

Major producing areas for canning fruit are the Murray/Goulburn valleys, which account for about 70 percent of Australia's production. The Murrumbidgee Irrigation Area in New South Wales and the Riverland region of South Australia also produce canning fruit. A survey in recent times indicated that around 85 percent of peaches and 90 percent of pears are grown under irrigation.

## Consumption

### General

ABS figures for exports of canned fruit are reported in terms of total product weight. This includes not only the canning fruit, but also the can, juice and product packaging. Post uses a conversion factor of 63 percent to determine to actual fruit content. This conversion factor was derived in consultation with industry sources.

Post has revised export figures in the PS&D tables using the conversion factor of 63 percent. The resulting revision in the PS&D export series has also forced post to revise the apparent domestic utilization of canned peaches.

Domestic consumption of canned fruit has been weak for a number of years due to Australians eating fewer desserts and younger consumers' preference for fresh fruit. However the canners may have arrested the decline in domestic consumption (and now describe it as a growth market) by introducing product extensions that include the introduction of "snack packs." These packs are much smaller and are very attractive to mothers for use in school lunches, adult snacks, etc. Post estimates consumption of canned fruit to have grown modestly during CY 2000. Whether this growth is sustainable is yet to be seen.

### Prices

The following table contains indicative grower prices for peaches in A$/MT.

| | 1996 | 1997 | 1998 | 1999 | 2000 (s) | 2001 (f) |
|---|---|---|---|---|---|---|
| Indicative Grower Price | 460 | 515 | 460 | 450 | 460 | 460 |

(a) For financial year ending year shown. (s) Post Estimate. (f) Post forecast.
Prices quoted in $A.

**Trade**

**General**

| Import Trade Matrix | | | |
|---|---|---|---|
| Country | Australia | | |
| Commodity | Canned Peaches | | |
| Time period | Jan - Dec | Units: | MT |
| Imports for: | 2000 | | 2001 |
| U.S. | 0 | U.S. | 1 |
| Others | | Others | |
| Greece | 184 | Greece | 400 |
| Thailand | 161 | Thailand | 200 |
| Italy | 38 | South Africa | 75 |
| South Africa | 31 | Italy | 30 |
| New Zealand | 19 | | |
| Spain | 5 | | |
| France | 4 | | |
| China | 1 | | |
| Rep of Korea | 1 | | |
| United Kingdom | 1 | | |
| Total for Others | 445 | | 705 |
| Others not Listed | 2 | | 0 |
| Grand Total | 447 | | 706 |

(N.B. Estimated 2001 figures)
Note: Tonnages represent total weight of canned fruit product, a conversion factor of 0.63 is required to determine fruit only

| Export Trade Matrix | | | |
|---|---|---|---|
| Country | Australia | | |
| Commodity | Canned Peaches | | |
| Time period | Jan - Dec | Units: | MT |
| Exports for: | 2000 | | 2001 |
| U.S. | 410 | U.S. | 2706 |
| Others | | Others | |
| Japan | 4030 | Canada | 2994 |
| New Zealand | 2694 | Malaysia | 2838 |
| Canada | 2291 | Japan | 2035 |
| Malaysia | 1085 | New Zealand | 1977 |
| Singapore | 972 | Singapore | 794 |
| Taiwan | 332 | United Kingdom | 213 |
| U.A.E. | 237 | U.A.E. | 199 |
| United Kingdom | 201 | The Netherlands | 164 |
| The Netherlands | 132 | Saudi Arabia | 144 |
| The Philippines | 123 | The Philippines | 123 |
| Total for Others | 12097 | | 11481 |
| Others not Listed | 825 | | 791 |
| Grand Total | 13332 | | 14978 |

(N.B. Estimated 2001 figures)
Note: Tonnages represent total weight of canned fruit product, a conversion factor of 0.63 is required to determine fruit only

**Overall Trade Trends**

Industry sources indicate that canneries tend to view the Australian domestic market as the primary market. Initiatives such as innovations in product packaging and product promotion are developed and targeted at the domestic market. Surplus production is typically exported. Industry sources state that canners do not wish to compete for the "commodity end" of the export market (bulk markets) as this would bring them into direct competition with subsidized product.

Exports of canned peaches for CY 2001 are forecast to increase by around 12 percent when compared to the level achieved during the previous year. This forecast is in line with official ABS data for the calendar year to date (Jan-Jul). While this increase is significant, exports remain well below levels achieved during the 1980's when average annual exports of over 20,000 MT were achieved. In recent years exports have remained low due to continued tough competition from subsidized EU exports on world markets. Exports to the US are forecast to increase dramatically from the extremely low levels of the previous year, driven by a favorable exchange rate.

# Marketing

## Import Requirements

The Australian Anti-Dumping Authority (which is part of the GOA) imposed countervailing duties and anti-dumping duties in January 1992 on some canned fruit imports. The Authority concluded that the exports of canned peaches and canned pears from Spain and Greece had been subsidized, and that the above mentioned canned fruit exports had been dumped.

Countervailing duties were imposed on exports of canned peaches from Spain and Greece, and anti-dumping duties were placed on exports of canned peaches from Greece and China. An anti-dumping duty was also imposed on pears imported from China. The countervailing duty on peaches from Greece and Spain was calculated at A$4.38 and A$4.54 per basic carton (24 kg gross) respectively. Anti-dumping levies applied are not available due to commercial confidentiality.

The decision applied for an initial period of three years, however, it was subsequently extended to five years. Another review which was concluded in December 1996 found that the only duty which should still apply is the countervailing duty against the production aid currently applying to imports of canned peaches from Greece. This duty has been calculated at A$2.81 and will apply for a further five years from February 19, 1997. The duty is less than the original duty as the sugar rebate component of the duty was removed.

## Marketing Channels

The three canneries currently processing fruit in Australia are SPC, Ardmona and Berri. According to industry sources, SPC is the largest and currently processes around 50 percent of the peach crop and around 54 percent of the pear crop. Ardmona is the other major processor and processes around 41 percent of the peach crop and 46 percent of the pear crop. Berri is a minor player and processes only 9 percent of the peach crop.

SPC is a publicly listed company while Ardmona is a grower owned co-operative and the two are currently negotiating a merger. While the details of this merger are currently not clear, it appears that SPC will buy out Ardmona with the name of the company becoming SPC Ardmona Ltd. The proposal is yet to gain approval of the Australian Competition and Consumer Commission (ACCC) which has the power to determine whether the merger is anti-competitive.

Industry sources suggest the reason behind the merger is that both companies see the need to increase size in order to take advantage of export opportunities. Also, each company has focused on different aspects of production. SPC in recent years has dramatically improved its packaging and presentation of its product to enhance consumer perceptions while Ardmona has improved its sorting capacity and improved fruit quality. Industry sources believe these aspects of canned fruit production complement each other and the merger would improve efficiency and increase export opportunities.

## Policy

Traditionally the two major horticultural organizations in Australia have been the Horticultural Research and Development Corporation (HRDC) and the Australian Horticultural Corporation (AHC). The HRDC was responsible for research and development and the AHC was responsible for promotional activities. Both organizations were funded by levies paid by growers and received pro-rata government funding for specific purposes.

Horticulture Australia Ltd. (HAL) is the new organization that replaced the AHC and HRDC as of February 1, 2001. It was established under corporations law as a not-for-personal-profit company in accordance with the Memorandum of Understanding (MOU) signed by 26 industry organizations. The focus of the new company is the continued marketing and promotion of horticultural products in both domestic and export markets as well as to exploit the opportunities for uptake and commercialization of new technology.

Imports of canned deciduous fruit are currently subject to a five percent ad valorem tariff rate.

# Canned Pears

| PSD Table | | | | | | |
|---|---|---|---|---|---|---|
| Country | Australia | | | | | |
| Commodity | Canned Pears | | | | (MT)(MT, Net Weight) | |
| | Revised | 1999 | Preliminary | 2000 | Forecast | 2001 |
| | Old | New | Old | New | Old | New |
| Market Year Begin | | 01/2000 | | 01/2001 | | 01/2002 |
| Deliv. To Processors | 54000 | 54000 | 51000 | 53500 | 0 | 54000 |
| Beginning Stocks | 7671 | 7671 | 2892 | 5200 | 1407 | 5833 |
| Production | 37780 | 44820 | 41000 | 44405 | 0 | 44820 |
| Imports | 15 | 40 | 15 | 47 | 0 | 50 |
| TOTAL SUPPLY | 45466 | 52531 | 43907 | 49652 | 1407 | 50703 |
| Exports | 28574 | 18141 | 28000 | 14019 | 0 | 14000 |
| Domestic Consumption | 14000 | 29190 | 14500 | 29800 | 0 | 30100 |
| Ending Stocks | 2892 | 5200 | 1407 | 5833 | 1407 | 6603 |
| TOTAL DISTRIBUTION | 45466 | 52531 | 43907 | 49652 | 1407 | 50703 |

## Production

### General

Post estimates cannery intake for pears in CY 2001 at 53,500 MT, slightly lower than the previous year. Estimates provided by industry sources range from 53,300 MT to 54,000 MT.

The season leading up to the CY 2001 pear harvest has been described by growers as average. Although the crop avoided natural disasters and major production problems, it did suffer however from a variety of minor production problems. Conditions in the beginning of the growing season were cooler and more overcast than normal. This provided average conditions in the lead up to, and during flowering, resulting in poor pollination and ultimately leading to average to below average fruit set. Also, slightly drier conditions at various times in the remainder of the season have been blamed by industry sources for average fruit size. Lower numbers of fruit per tree combined with average sized fruit significantly lowered yield per tree. According to industry sources, lower yields were compensated by slightly increased tree numbers as a result of new plantings now coming into production.

Climatic conditions at harvest time provided a longer harvest period which is believed by some growers to have improved the quality of the crop. Previous years have seen the crop mature quickly and harvest periods shortened straining resources and leading to reduced crop quality.

Post forecasts cannery intake for pears in CY 2002 to rise slightly to 54,000 MT. This figure is at the lower end of industry forecasts. Dry conditions at flowering and a lack of subsoil moisture have not significantly affected yield potential at this stage but according to grower sources may have restricted fruit size to average levels. Irrigation allocations have previously been low in some valleys but were recently revised upwards to average levels. Post does not expect a significant increase in production for CY 2002.

Post forecasts canned pear production for CY 2002 to also rise slightly to 44,820 MT. Post assumes normal weather conditions and an average harvest. Post forecasts average fruit quality and has used an average in factory yield conversion factor of 83 percent.

Industry sources report a significant increase in planted fruit tree numbers. However it is not clear what proportion of new plantings are canning varieties. Media reports of large plantings appear to be balanced by the continual removal of older trees. Post assumes a steady increase in total canning variety tree numbers.

## Consumption

### General

ABS figures for exports of canned fruit are reported in terms of total product weight. This includes not only the canning fruit, but also the can, juice and product packaging. Post uses a conversion factor of 63 percent to determine to actual fruit content. This conversion factor was derived in consultation with industry sources.

Post has revised export figures in the PS&D tables using the conversion factor of 63 percent. The resulting revision in the PS&D export series has also forced post to revise the apparent domestic utilization of canned pears.

### Utilization Patterns

Apparent trends in domestic utilization of canned deciduous fruit, total consumption per person, are set out in the Commodity Outlook, Consumption, Utilization subsection, for Canned peaches.

The following table contains indicative grower prices in A$/MT.

| | 1996 | 1997 | 1998 | 1999 | 2000 (s) | 2001 (f) |
|---|---|---|---|---|---|---|
| Indicative Grower Price | 261 | 282 | 278 | 285 | 295 | 300 |

(a) For calender year. (s) Post estimate. (f) Post forecast.
Prices quoted in $A.

## Trade

**General**

| Import Trade Matrix | | | |
|---|---|---|---|
| Country | Australia | | |
| Commodity | Canned Pears | | |
| Time period | Jan - Dec | Units: | MT |
| Imports for: | 2000 | | 2001 |
| U.S. | 0 | U.S. | 0 |
| Others | | Others | |
| Chile | 38 | | |
| New Zealand | 3 | | |
| Belgium | 2 | | |
| Canada | 1 | | |
| United Kingdom | 1 | | |
| The Netherlands | 1 | | |
| Total for Others | 46 | | 0 |
| Others not Listed | 18 | | 75 |
| Grand Total | 64 | | 75 |

(N.B. Estimated 2001 figures)
Note: Tonnages represent total weight of canned fruit product, a conversion factor of 0.63 is required to determine fruit only

| Export Trade Matrix | | | |
|---|---|---|---|
| Country | Australia | | |
| Commodity | Canned Pears | | |
| Time period | Jan - Dec | Units: | MT |
| Exports for: | 2000 | | 2001 |
| U.S. | 955 | U.S. | 1402 |
| Others | | Others | |
| United Kingdom | 6892 | United Kingdom | 5514 |
| Germany | 6273 | Japan | 3968 |
| Japan | 5043 | Canada | 3787 |
| Canada | 3158 | Germany | 2247 |
| New Zealand | 1600 | Sweden | 811 |
| Norway | 1026 | Denmark | 765 |
| Denmark | 1024 | New Zealand | 750 |
| Sweden | 698 | Norway | 749 |
| Finland | 411 | Finland | 423 |
| Singapore | 302 | Singapore | 153 |
| Total for Others | 26427 | | 19167 |
| Others not Listed | 1413 | | 1683 |
| Grand Total | 28795 | | 22252 |

(N.B. Estimated 2001 figures)
Note: Tonnages represent total weight of canned fruit product, a conversion factor of 0.63 is required to determine fruit only

**Overall Trade Trends**

Canned pear exports are forecast to decrease by around 23 percent during CY 2001 when compared to the previous year. This forecast is in line with official ABS statistics for the calendar year to date (Jan-Jul). Exports to the US are forecast to increase dramatically, driven by a favorable exchange rate. Industry sources report increased competition globally during CY 2000.

## Policy

**Tariff Changes**

Imports of canned deciduous fruit are currently subject to a five percent ad valorem tariff rate.